

PUBLIC SERVICE COMMISSION OF SOUTH CAROLINA

DOCKETING DEPARTMENT

NOTICE OF FILING AND HEARING

DOCKET NO. 2009-261-E

SOUTH CAROLINA ELECTRIC & GAS COMPANY – REQUEST FOR APPROVAL OF DEMAND SIDE MANAGEMENT PLAN INCLUDING A DEMAND SIDE MANAGEMENT RATE RIDER AND PORTFOLIO OF ENERGY EFFICIENCY PROGRAMS

On June 30, 2009, South Carolina Electric & Gas Company (“SCE&G” or “Company”) filed a request with the Public Service Commission of South Carolina (“Commission”) for approval of a proposed suite of potential demand reduction and energy efficiency programs (“Demand Side Management Programs” or “DSM Programs”). SCE&G has requested the establishment of an annual rider to allow SCE&G to recover the costs associated with the proposed DSM programs, the lost net margin revenue associated with its DSM programs along with an appropriate incentive for investing in such programs.

This request was filed pursuant to S.C. Code Ann. § 58-37-20 (1976, as amended), Commission Regulations 103-819, 103-823 (1976, as amended), and in compliance with Commission Order No. 2009-104(A) entered in Docket No. 2008-196-E.

S.C. Code Ann. § 58-37-20 authorizes the Commission to adopt procedures that encourage electrical utilities to invest in cost-effective energy efficient technologies and energy conservation programs and, if adopted, to provide incentives and cost recovery for those utilities who invest in cost-effective, and environmentally acceptable programs to reduce energy consumption or demand. This statute allows energy suppliers and distributors to recover costs and obtain a reasonable rate of return on their investment in qualified DSM programs sufficient to make these programs at least as financially attractive as construction of new generating facilities and directs the Commission to establish rates and charges that ensure that the net income of an electrical utility after implementation of measures is at least as high as the net income would have been if the measures had not been implemented.

The suite of DSM programs proposed by SCE&G includes programs targeting residential as well as commercial and industrial electric customers and represents a suite of programs that the Company believes to be reasonably practical from an implementation and customer receptivity standpoint, to be technically and economically justified, and to have a reasonable likelihood of providing savings to customers and the system.

As part of its proposed suite of DSM programs, SCE&G has proposed allowing qualifying large commercial and industrial customers to “opt-out” of the DSM rider if those qualifying customers certify annually to SCE&G that they are implementing measures that are at least equivalent in energy and demand savings to those anticipated under the SCE&G’s DSM programs.

SCE&G’s proposed DSM rider will allow SCE&G to recover: (1) all reasonable and prudent costs incurred in adopting and implementing DSM programs; (2) an incentive return of three percentage points in addition to SCE&G’s currently approved return on equity as applied to the monthly balance of unrecovered DSM expenses; and (3) SCE&G’s lost net margin revenue reflecting the projected reduction in demand charges and megawatt hour (“MWH”) sales that are calculated to occur as a result of customer participation in each DSM program.

SCE&G requests that the proposed DSM rider be made effective May 1, 2010 and subject to review and adjustment annually thereafter based upon an annual review period of December 1st through November 30th. SCE&G proposes filing the rates and revenue requirements to be recovered under the rider during the period May 1, 2010 through November 30, 2010 on or before January 31, 2010.

A copy of the Company's Request may be obtained from the Commission at the address below. Additionally, the Request is available on the Commission's website at www.psc.sc.gov and is available from the corporate office of South Carolina Electric & Gas Company at 1426 Main Street, Columbia, South Carolina, 29201.

In order for testimony and evidence to be received from all interested parties, a public hearing will be held in the Commission's Hearing Room, Synergy Business Park, 101 Executive Center Dr., Columbia, S.C. on **Thursday, October 1, 2009 at 2:30 p.m.**

Any person who wishes to participate in this matter, as a party of record with the right of cross-examination should file a Petition to Intervene in accordance with the Commission's Rules of Practice and Procedure on or before **August 6, 2009**, and indicate the amount of time required for his presentation. Please include an email address for receipt of future Commission correspondence in the Petition to Intervene. ***Please refer to Docket No. 2009-261-E.***

Any person who wishes to testify and present evidence at the hearing should notify the Docketing Department, in writing, at the address below; the South Carolina Office of Regulatory Staff, 1401 Main Street, Suite 900, Columbia, South Carolina 29201; and K. Chad Burgess, Assistant General Counsel, South Carolina Electric & Gas Company, 1426 Main Street, Mail Code 130, Columbia, South Carolina 29201, on or before **August 6, 2009**, and indicate the amount of time required for his presentation. ***Please refer to Docket No. 2009-261-E.***

Any person who wishes to be notified of the hearing, but does not wish to present testimony or be a party of record, may do so by notifying the Docketing Department, in writing, at the address below on or before **August 6, 2009**. ***Please refer to Docket No. 2009-261-E.***

PLEASE TAKE NOTICE: Any person who wishes to have his or her comments considered as part of the official record of the proceeding **MUST** present such comments, in person, to the Commission during the hearing.

Persons seeking information about the Commission's Rules of Practice and Procedure should contact the Commission in Columbia at 803-896-5100.

Public Service Commission of South Carolina
Attn: Docketing Department
Post Office Drawer 11649
Columbia, SC 29211